

Northwest Power Building through Revenue
Generation

The Nonprofit Industrial Complex & the White Supremacist Roots of Fundraising

Progressive
Multiplier

April 28, 2023



FIGHT TODAY
FOR A BETTER
TOMORROW

Meet the PM Team.



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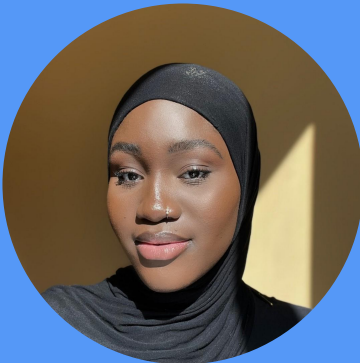
Kafele Thomas

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Starting in July

Associate Director of Program Learning



We help organizations build
**a progressive movement of, by and for everyday
people.**

We do this by organizing and leveraging funding to
create onramps for progressive organizations to
**start, strengthen or scale
individual giving and earned revenue programs.**

Through both an online community of practice and
our grantmaking and support program, we build the
progressive sector's revenue generation knowledge
and skills so that it can
amplify a people-powered movement.





NORTHWEST HEALTH
FOUNDATION



meyer
MEMORIAL TRUST



GRAY
FAMILY
FOUNDAT



RWVN
FOUNDATION



WHAT WE PROVIDE

Our Partnership

- Provided 4 **Revenue Generation Project Grants** that include Strategic Assistance
- Provided 2 **Staffing Strategic Assistance Grants** that includes rev gen strategic planning and developing a sustainable staffing model with training
- Develop a **Revenue Generation Resource Library** that includes 15 tools
- Develop 6 2-hour **Training Sessions**
- Provide 5-hour **Capstone Sessions** for 8 funder partner groups

RESPONDING TO WHAT WE HEARD FROM YOU

Upcoming Sessions

May 26: Organizing Your Deep Base through Memberships

Jun 23: Mobilize Mass Base through Rev Gen Part 1: c4 Small Dollar & Mid/Major Donors Rev Gen Campaigns

Jul 28: Mobilize Mass Base through Rev Gen Part 2: Using Merch & E-Commerce to advance your mission and generate funds

Aug 25: Monetize Your Existing Program & Other Earned Income Strategies

Sept 29: Surges & Cliffs: Navigating the Changing Landscape





Philanthropy is older than you may think

What is the nonprofit industrial complex?

How the NPIC was built: Structural and social history of our nonprofit sector

Why this holistic history matters to our nonprofits

How to navigate the NPIC as a practitioner

Navigating & challenging the 5 elements of the NPIC



Before we dive in...

**What do you think of as the
NPIC and why do you want
to learn more?**



Philanthropy is Older Than You May Think



**WHY DO WE AS NONPROFIT PRACTITIONERS
NEED TO CARE ABOUT THIS GUY?**



2,500 Years of Philanthropy

Defining the Term

- **Philanthropy** (φιλανθρωπία) is from the Ancient Greek:
 - Philia (φιλία) = Love, specifically involving trust and sharing values as in friendship
 - Anthropos (ἄνθρωπός) = People, humanity


The Legend of Philanthropy

- Zeus, not a fan of humans, planned to eradicate them and start over.
- **Prometheus**, a Titan, out of his “philanthropos tropos” (“humanity-loving character”), stole 2 things from the gods, and gave them to humans: sacred **fire** (skills, technology, arts and science) and limitless **hope** to improve the human condition.
 - As you can imagine, Zeus was pissed and chained Prometheus to a rock to suffer and be eaten by animals.

Prometheus’ gifts to humanity demonstrated loving what it is to be human, recognized the need for freedom and democracy, and provided the key to forming a civilization – **LOVING HUMANKIND AND SUPPORTING HUMAN AGENCY**



Where Philanthropy & Systems of Society Collide

- Ancient Greeks regarded philanthropia as “a state of being productive, of benefit to humans.” (sound like the roots of beloved community to you?)
-  Emperors gave tax exemptions to hospitals, orphanages and schools in keeping with this tradition
- BUT as in any society that organizes itself into classes and recognizes a dominant group as superior...
 - Acts of philanthropy became a tool of the dominant class to demonstrate wealth and civic virtue
 - Take that step onto the slippery slope ... add a few thousand years of humans, well, humaning, and you get...

The Nonprofit Industrial Complex





WHAT IS IT?

- In short, the collision of philanthropy and society's systems here in the U.S. today
- The nonprofit industrial complex (NPIC) is a system of relationships between:
 - Local, state, and federal governments
 - Our society's capitalist market and class system
 - Foundations
 - Non-profit/NGO direct service through direct action organization
 - The businesses that support all these elements in their philanthropic pursuits

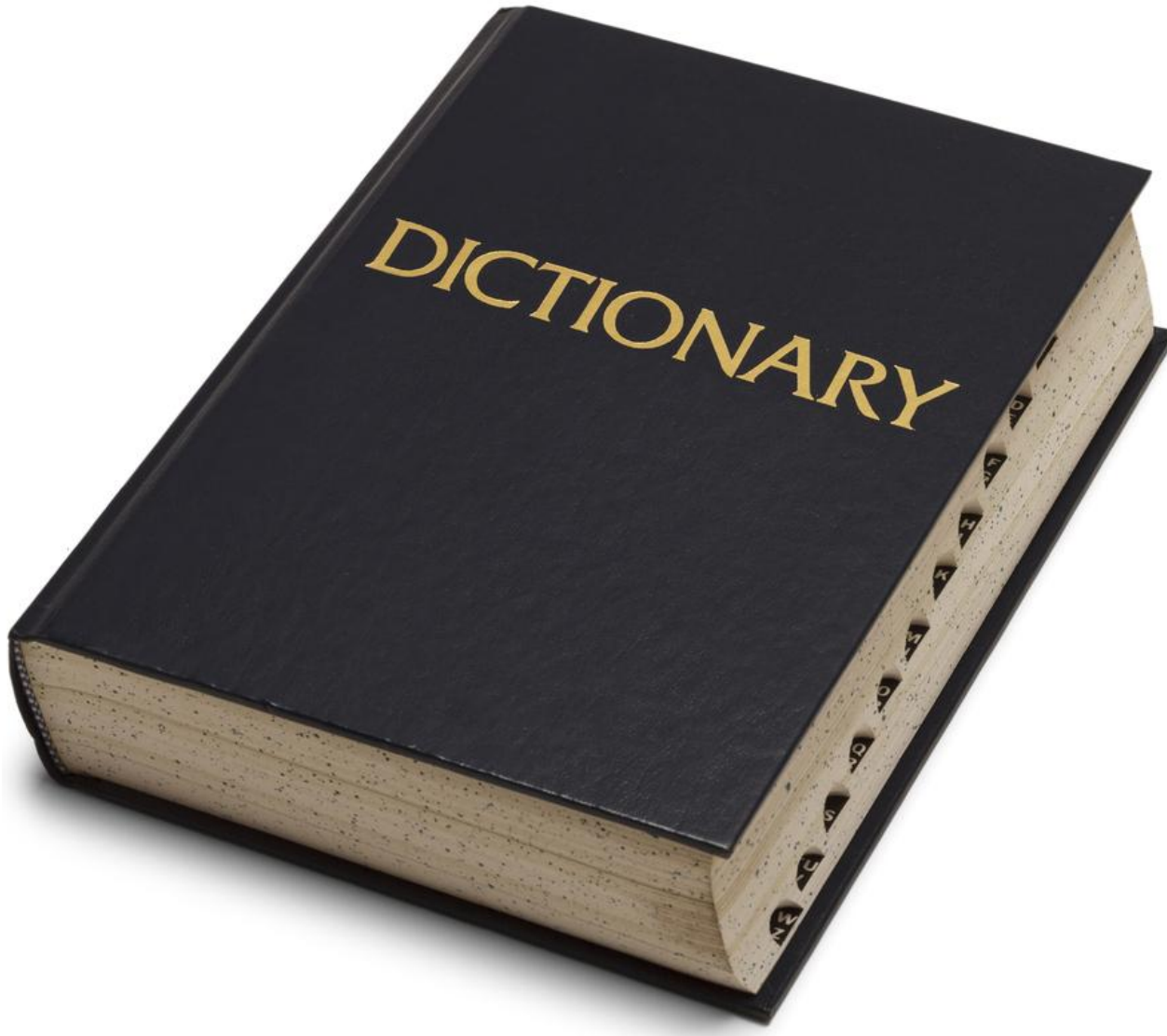
Illustration from the Brooklyn Institute for Social Research

How the NPIC was Built: Structural & Social History of our Nonprofit Sector



Definition check!

- A **system** refers to any collection of parts or elements that are connected in ways that form into some kind of whole
- A **system of privilege**—a family, a workplace, a society, a government—is organized around three basic principles: **dominance, identification, and centeredness.**
- For example: The progressive movement focuses its work on those people who the societal and governmental systems don't center or make dominant, and works to establish an **equitable path to equal opportunity**





THE BRITISH BLUEPRINT

The **1601 Statute of Charitable Uses** was the British law that provided the skeleton for the U.S. definition charity. Here's what counted as charity then (and arguably now, c3s?):

- "The relief of **aged, impotent, and poor people.**"
- "The maintenance of **sick and maimed soldiers** and mariners."
- "The maintenance of **schools** of learning, free schools, and scholars in universities."
- "The repair of bridges, ports, havens, causeways, churches, sea-banks, and highways."
- "The education and preferment of **orphans.**"
- "The relief, stock, or maintenance for houses of correction."
- "Marriages of poor maids."
- "The supportation, aid, and help of young tradesmen, handicraftsmen, and persons decayed."
- "The **relief or redemption of prisoners** or captives."
- "The **aid or ease of any poor inhabitants** concerning payment of fifteens, setting out of soldiers, and other taxes."

Transferring Responsibility for the Non-Centered & Protecting the Centered

- True to its colonial roots, the U.S. government from its inception never prioritized fully funding the social safety net, expecting charitable groups to step in to fill the gap.
 - Remember, the social safety net addresses the problems the social system has created like race-rooted inequality. The government and societal systems center the chosen dominant.
- To encourage this, they created a **legal framework in the 1800s** for organizations to trade tax exemptions for doing work the government defined as benefiting the public.
 - They also saved themselves growing the government workforce and expenses by regarding charities as third-party contractors



Major Exempt Organization Legislation, 1894-Present

- **Tariff Act of 1894** - Earliest statutory reference to tax exemption for certain organizations.
- **Revenue Act of 1909** - Introduced language prohibiting private inurement.
- **Revenue Act of 1913** - Established income tax system with tax exemption for certain organizations. **Precursor to c3 vs. c4**
- **Revenue Act of 1917** - Introduced individual income tax deduction for charitable donations. **Offset war revenue income tax on wealthy**
- **Revenue Act of 1918** - Estate tax deduction for charitable bequests added.
- **Revenue Act of 1924** - Set limits on lobbying activities by charitable organizations.
- **Revenue Act of 1926** - Introduced corporate tax deduction for charitable contributions.
- **Revenue Act of 1943** - Required first Form 990 to be filed.
- **Revenue Act of 1958** - Established unrelated business income tax.
- **Revenue Act of 1954** - Modern tax code established, including section 501(c) for exempt organizations. Also, limits on political activities established.

Civil rights movement & rapid growth of charitable sector

- **Revenue Act of 1964** - Raised the limitation on deduction for donations to public charities to 30 percent of adjusted gross income (AGI).

- **Tax Reform Act of 1969** - Established private foundation rules, including a minimum charitable payout requirement and a 4-percent excise tax on net investment income, and raised the limitation on the deduction for donations to operating private foundations and public charities to 60 percent of AGI.

The nonprofit sector is “born”

- **Revenue Act of 1978** - Reduced the net investment income excise tax for private foundations to 2 percent.
- **Deficit Reduction Act of 1984** - Raised the limitation on the deduction for donations to nonoperating private foundations to 30 percent of AGI and introduced other more favorable rules for donors to these organizations. Also, exempted certain operating foundations from the net investment income tax and reduced the tax to 1 percent for foundations meeting other requirements.
- **Revenue Reconciliation Act of 1993** - Imposed a proxy tax on certain lobbying and political expenditures made by membership organizations.
- **Tax Payer Bill of Rights 2 (1996)** - Introduced intermediate sanction rules for excess benefit transactions.
- **Tax Payer Relief Act of 1997** - Revoked tax exemption of certain organizations providing commercial-type insurance.
- **Pension Protection Act of 2006** - Required section 501(c)(3) organizations to make their Form 990-T available for public inspection.

More on the Government's Role in the NPIC

The **Supreme Court** allowed independent expenditures by corporations, and allowed corporations to make electioneering communications

Why is this a key contributor to the NPIC?

- Citizens United vs. FEC has allowed a small group of individuals and corporations to spend enormous sums of money on campaigns without disclosing their identities.
- Now, this “dark” money is used to drown out the will of the people on key issues.



What these rules against a capitalist background can mean for our nonprofit work

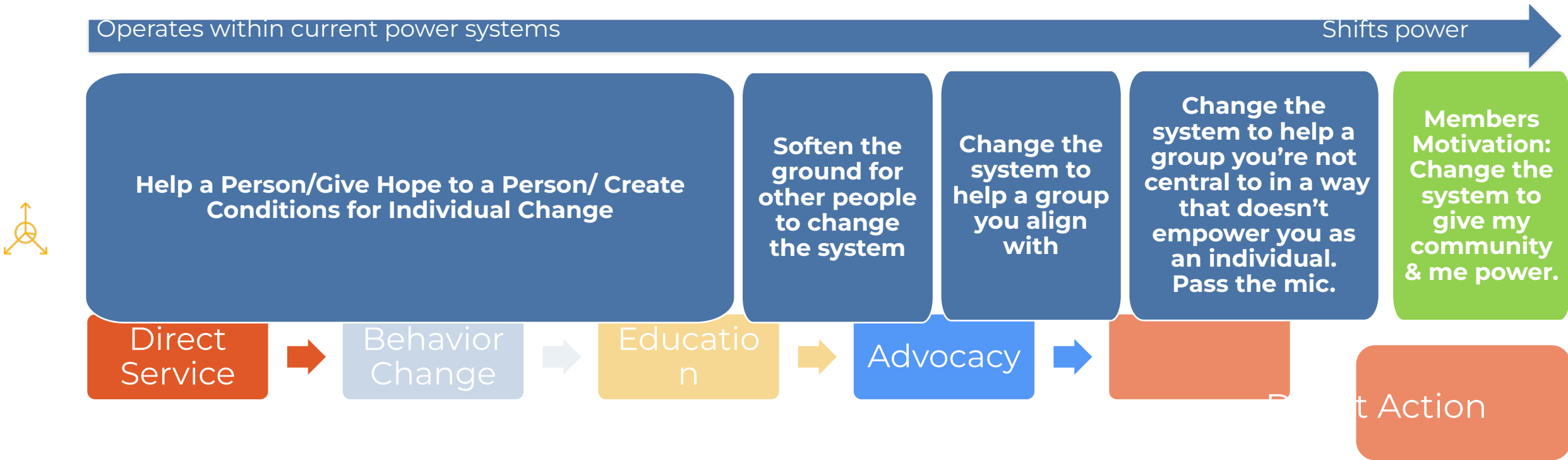
- Charity is incentivized over investment in societal benefit in a way that **perpetuates the structural injustices** baked into our country's fabric from colonialism (i.e.; this created white saviorism and defined it in direct service terms)
- Wealth isn't redistributed quickly for the social good and defining social good is **in the hands of people other than the directly affected**
- Giving money to nonprofits as an individual or a corporation can give you political power and **suppress the will of the greater number of people**
- We have tough choices to make about maximizing revenue by giving into the expectation of **donor delight** or operating completely within our mission and values (more on that later)
- We have choices to make about **our legal structures** to make sure we have all the legal entities needed to accomplish our missions (more on that later too)



Why this holistic history matters to our nonprofits



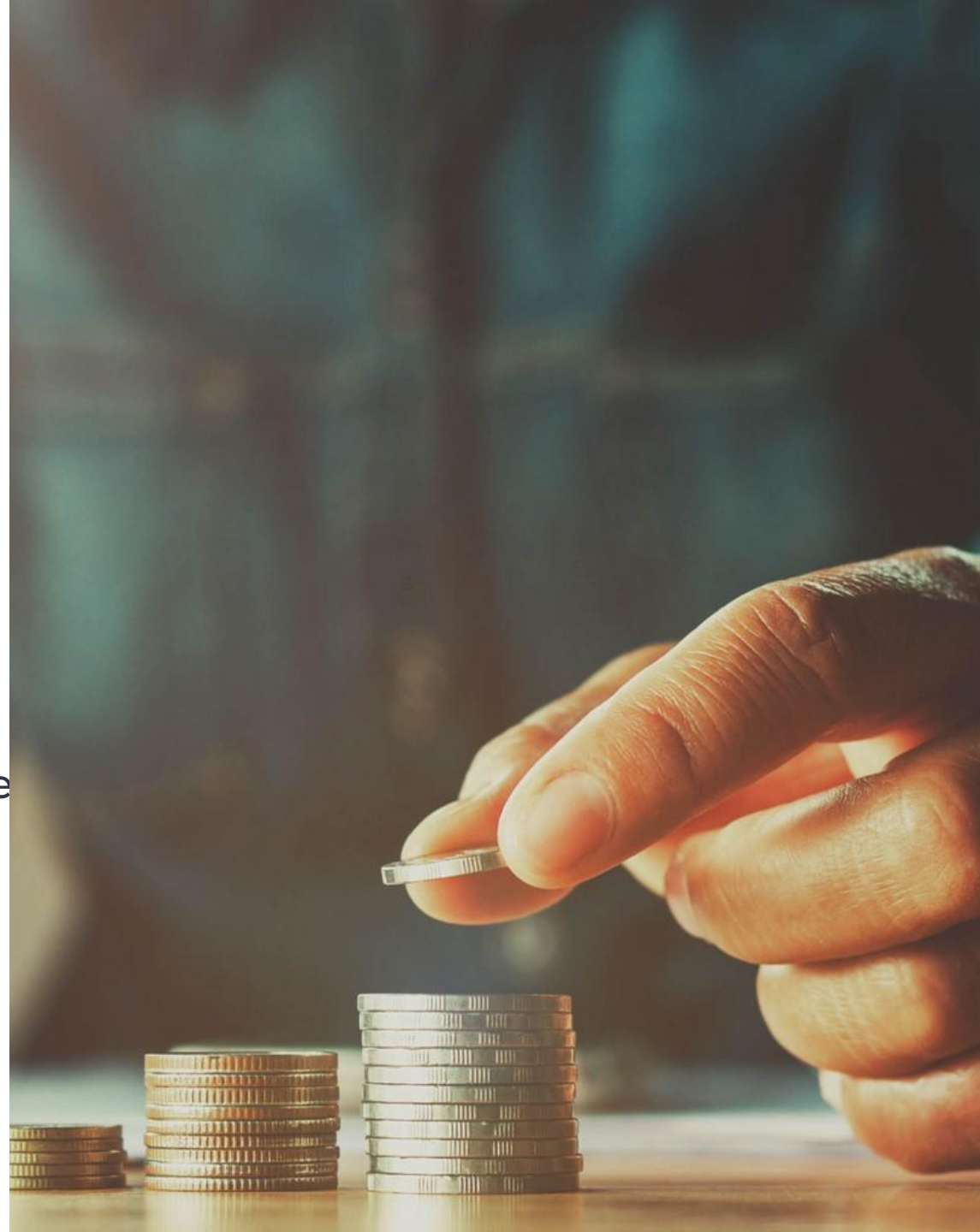
The NPIC has incentivized c3 work & donations



The NPIC has conditioned donors to expect to be heroes



- An entire industry has been built around supporting fundraising & donor marketing
- Huge nonprofits have the capacity to invest in the marketing and branding needed to help donors get to “yes” more easily—regardless of their program effectiveness.
 - *Ex.: St. Jude’s is 10th among top children’s hospitals, but they are 1st in donations.*



The White Supremacy of Donor Delight

(There is a) pervasive, deeply internalized philosophy that as fundraisers, our job is to connect donors to what they care about, make them feel relevant and appreciated, and by doing that we help them realize their goals of making the world better, and everybody wins. It sounds fine on the surface, even noble, and many fundraisers have internalized this message over decades. I find it one of the biggest contributors to the very inequities we're trying to fight.

That's right, I know **it's fundraising blasphemy, but if we're going to advance equity and justice, we need to care LESS about what donors care about and care MORE about what will actually advance equity and justice...**



For decades, we—everyone in our field, but especially fundraisers—have told rich white donors that they are amazing. We tell them that there are so many great causes out there, and they just need to find something that resonates with them and make a contribution, and we, like humble tour guides or personal shoppers of equity, will help them find just the right fit. This is no longer good enough.

We need a shift in approach. We need a fundamental transformational shift in the world, where solutions do not come from the passions and interests of wealthy white donors, but from the communities most affected by injustice, the racialized and marginalized communities who have been screaming unheard for so long because white supremacy muffles our voices as it kills our people”

- Vu Le

Accomplishing Le's shift requires the alignment of “pass the mic” and donor motivation.



(which is one of the many reasons
we need groups that educate and
soften the ground)



CHALLENGE #3

The NPIC is fed by the media & general misunderstanding about our business

- Doing sloppy annual stories on “fundraising scams” that make it harder for lesser-known organizations to reach new donors. (AJC and ACS)
- Parroting unsupported talking points about administrative costs or lobbying activity. (Dan Pallotta)
- Exploiting trauma and pain under the guise of “human interest” storytelling, making “trauma porn” the centered societal standard for talking about marginalized communities.



Before we move on...

**What part of the NPIC
impacts you the most?
What grinds your gears?**



How to navigate the NPIC as a practitioner





There can be a temptation among movement organizations to think of donors and other organizations as externalities. We encounter so many well-meaning and dedicated folks every day in our work - we ask them to be 'supporters' but the only way they can support is another donation. Over time, this can tempt movement organizations into thinking of their development shops as a

Over time, this can tempt movement organizations into thinking of their development shops as a necessary distraction and their donors as simply ATM's. But the truth is everyone we encounter in

But the truth is everyone we encounter in our work is valuable to the struggle: whether they are potential members, potential allies, or potential external partners. At CASA, our members and their dreams, struggles, and ambitions are the sole focus of our work, but **understanding that we have the capacity (and maybe even the duty) to organize these non-members as well - whether with us as allies or in coalition with us as partners - means that we can build power across new dimensions we might have understood previously to being purely tangential to the work.**

interested in organizing lifelong allies who will show up in solidarity with our members. That

Donors come and go - we aren't interested in donors. We're interested in organizing lifelong allies who will show up in solidarity with our members. That re-framing has sparked changed organization-wide.

*Elizabeth Alex & Jesse Steele
Lead Organizer & Sr. Director of Development
CASA/CASA in Action*

Our Mandate:

Identify our responsibilities as nonprofit practitioners, specifically as fundraisers, regarding the NPIC.

Challenge where the NPIC upholds inequity, and critically question our personal roles in it.



Evolve from donor delight – build a rev gen portfolio that includes donor organizing & mobilizing

- We have to build enough understanding among donors (individuals, philanthropies and businesses) of our work/goals that they want to show up and get their obligation
 - Make obvious an alignment with their values and world view, not “make them a hero” or “give a voice to the voiceless”
- Create a pathway for donor organizing – deeper understanding and leadership of the work and its resourcing needs, a commitment to lead the resourcing drive
- Emphasis on mass donor volume with some tactics and strategic volume with others (quantity & quality)
- Individuals who give money may or may not be directly impacted – rev gen can be for mass and deep base



Embrace multi-entity work or partnerships

- Do you have all the legal entities you need to do your work?
- Try to overcome c3 donor and institutional funder bias by advocating for the c4 work that directly effects the community you serve in your c3
- Connect your work to other movements for change!



Tell the right story & have the right conversation

- Take a trauma-informed storytelling approach – to donors and media
- Always include solution and/or path forward, not just the “emotional hook” or trauma.
- Give your storyteller full agency in what and how they share and how it’s used—and must make sure they are fully capable of giving that consent.
- Create a style guide for your organization on how to tell your authentic story.
- Instead of letting donors set the agenda, invite donors deeper into conversations about the root causes of inequity.
- Step out of “savior” thinking and create accessible inroads for the people you serve to help you identify the best strategies moving forward.


<https://nhchc.org/wp-content/uploads/2019/08/ti-storytelling-1.pdf>
<https://www.wfpusa.org/articles/writing-with-dignity-agency-respect-for-people-we-serve-is-necessary/>

Make sure your partners are good ones

- Advocate with your funders for:
 - Payouts – not just about their 5% payout rule, but also about your real financial needs
 - Participatory grantmaking
- Make sure your corporate funders are good actors politically



Diversify your revenue streams so you have more than “centered” donors



“Relying on the benevolence of a donor class is a structural problem when you’re building community power.”

*Prentiss Hainey
Ohio Organizing Collaborative*

Navigating & Challenging the 5 Elements of the NPIC



Local, State, & Federal Government



How to Navigate	How to Challenge
Know the laws that govern you (tax laws, postal rates, rules for lobbying).	Advocate for systemic change that benefits nonprofits.
Establish your multi-entity framework to maximize your mission delivery.	Join groups like the Nonprofit Alliance, Independent Sector, and others that do nonprofit advocacy.
Use joint allocations and other FASB rules to help you move your mission.	

Our Society's Capitalist Market & Class System



How to Navigate	How to Challenge
Create different types of giving tiers not connected to gift size.	Disrupt the scarcity mindset.
Hire small, independent, BIPOC, women-led, etc. firms.	Advocate for fiscal, labor, and welfare policy reforms.
Share what you pay for with other groups—especially smaller/less resourced ones.	

Foundations

How to Navigate

Look for funders who are embodying the values that you hold.



Don't work with funders that make you jump through unnecessary hoops.

Look for funding from those that use participatory grantmaking and participate when you can.

How to Challenge

Get involved with funder convening groups as a practitioners (FCCP, GCIR, EGA, GEO, etc.)

When you can, have honest conversations with funders.

Create opportunities for independent revenue generation—diversify!

Nonprofit Direct Service through Direct Action Organization

How to Navigate

How to Challenge

Educate your boss and colleagues.

Counter over-relying on consultants

Invest in doing the fundraising and messaging right—knowing you may lose money/donors at first.

Create pathways to foster fundraising talent from a diverse pool (hiring, training, fellowships)

Diversify fundraising staff so it doesn't stay a middle-aged white profession.

Talk about fundraising as a professional discipline.



The Businesses that Support All these Elements in their Philanthropic Pursuits



How to Navigate	How to Challenge
Trust the talent internally—getting outside support only when needed.	Make a mission specific demand.
Pay a living wage to workers.	Insist the teams working with you reflect your organization.
Use union shops when hiring vendors when available.	Insist on transparent pricing and transparent accountability system from consultants.

WHAT ARE YOU THINKING?

Thoughts?

Questions?

Comments?



**We look forward to
seeing you at the
next session!**

Questions?

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